

Date Mailed  
June 5, 2003

BEFORE THE  
PUBLIC SERVICE COMMISSION OF WISCONSIN

Joint Application for Approvals Related to Wisconsin  
Power and Light Company's Sale of its Beloit Area  
Water Utility Assets to the City of Beloit

05-BS-122

**NOTICE OF PROCEEDING**

<b>Hearing Date:</b>	<b>Wednesday, June 25, 2003 – 2:00 p.m. and 6:00 p.m.</b>
<b>Hearing Location:</b>	<b>City Hall first floor (The Forum), 100 State Street, Beloit, WI 53511</b>

<b>Direct Testimony Due:</b> <b>Wednesday, June 18, 2003 – Noon</b>	<b>Address Comments To:</b> David Whitcomb, Administrative Law Judge Public Service Commission P.O. Box 7854 Madison, WI 53707-7854 FAX (608) 266-3957
<b>FAX Due:</b> <b>Tuesday, June 17, 2003 – Noon</b>	

**THIS A PROCEEDING FOR** the Public Service Commission of Wisconsin (Commission) to consider the joint application received May 2, 2003, from Wisconsin Power and Light Company (WPL, Seller) and the City of Beloit (City, Buyer) under Wis. Stat. §§ 196.49(1)(am), 196.80, and 196.81 and Wis. Admin. Code §§ PSC 2.07 and 2.11. The water utility plant which is owned and operated by WPL and is proposed to be sold to the City is located in the City of Beloit, Town of Beloit, and Town of Turtle, all in Rock County, Wisconsin. The purchase and sale of the Beloit, Wisconsin Area Water System is subject to commission determination at the proposed transaction is consistent with the public interest.

Authority is being sought for WPL to sell and the City to acquire the property and interests and assets of the Beloit Water System and for WPL to abandon and the City to acquire the obligation to provide water utility service in the greater Beloit service territory located in Wisconsin. Terms and conditions of this proposed transfer is described in the May 2, 2003, joint application filed by the applicants. Under this transaction, customers of the Beloit Water System located in Rock County would continue to receive service albeit now from the City, as owner of the public water utility. The City would also sell water at wholesale to the South Beloit Water, Gas and Electric Company which provides retail water service to several communities in Illinois.

**NOTICE IS GIVEN** that a hearing will be held on Wednesday, June 25, 2003, in the Forum on the first floor of City Hall, 100 State Street, Beloit, WI 53511. The public and technical hearing will begin at 2:00 p.m. and continue as needed. The evening session begins at 6:00 p.m. Members of the public may attend and contribute to this proceeding at either of the two hearing sessions. The Forum is accessible to people in wheelchairs. Parking for people with disabilities is available. Any person with a disability who needs accommodations to participate in this proceeding should contact the docket coordinator listed below.

The sale is contingent upon receiving Commission approval for the following:

1. Buyer requests that the Commission set initial rates for Beloit Water System customers in Wisconsin at a rate to be submitted to the Commission in the near future that will be ten percent (10%) less than the rates approved by the Commission in Appendix D to docket 6680-UR-112 for all tariff rates, and that such rates go into effect upon the transfer of the Beloit Water System from Seller to Buyer.
2. Buyer requests that the Commission approve the rates set forth in paragraph 1 for a minimum period of two (2) years from the date of the transfer of the Beloit Water System from Seller to Buyer, provided there are not unforeseen circumstances. In the event of unforeseen circumstances, the Buyer may request a rate change at an earlier time.
3. Buyer and Seller request that the Commission allow the full amount of the acquisition adjustment to be recoverable in rates, and be amortized over a period of time not more than 25 years, which is the length of time for which the Buyer's bonds will be issued to finance the transaction.
4. Buyer and Seller request that the Commission authorize a rate of return which will ensure that Buyer has sufficient funds to operate and maintain the Beloit Water System as well as provide adequate cash flows for routine plant replacements and debt requirements, and provide for a payment in lieu of taxes in accordance with Wis. Stat. § 66.0811(2).
5. Buyer asks the Commission to approve the contract with the South Beloit Water, Gas and Electric Company and the initial wholesale rates and minimum revenue established by the contract.

The Commission requests testimony on the above contingencies. Any party who desires to file testimony should submit an original and 15 copies as indicated in the box on page 1. Members of the public need only file an original. Testimony must be received by noon on Wednesday, June 18, 2003. Comments by fax are due one day earlier. Fax filing cover sheets must state "Official Filing" and include the docket number and the number of pages (limit of 20 pages). File by one mode only.

The Commission considers it necessary, in order to carry out its duties, to investigate all books, accounts, practices, and activities of the applicant. The expenses incurred or to be

incurred by the Commission which are reasonably attributable to such an investigation will be assessed against and collected from the applicant in accordance with the provisions of Wis. Stat. § 196.85 and Wis. Admin. Code ch. PSC 5.

At present, the only parties in this case are Wisconsin Power and Light Company and the City of Beloit. Anyone else wanting to become a party shall file a request pursuant to Wis. Stat. § 227.44(2m) and Wis. Admin. Code § PSC 2.21 no later than 14 days from the date of this notice. The request should be addressed to Administrative Law Judge David C. Whitcomb, Public Service Commission of Wisconsin, P.O. Box 7854, Madison, Wisconsin 53707-7854. A person does not have to be a party to testify at the hearing.

This is a Class 1 proceeding as defined in Wis. Stat. § 227.01(3)(a).

The Commission does not discriminate on the basis of disability in the provision of programs, services, or employment. Any person who needs to obtain this document in a different format should contact the docket coordinator listed below.

Questions regarding this matter may be directed to docket coordinator Peter K. Feneht at (608) 266-5614.

Dated at Madison, Wisconsin, \_\_\_\_\_

By the Commission:

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Lynda L. Dorr  
Secretary to the Commission

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